

**MONARCH DUNES, LLC
CONDITIONAL USE PERMIT FOR THE
DEVELOPMENT OF PHASE 2A OF THE
WOODLANDS SPECIFIC PLAN**

Environmental Impact Report Addendum

**DRC2014-00130
ED15-121**

January 28, 2016

Prepared by:
County of San Luis Obispo
Department of Planning and Building

1.0 INTRODUCTION

1.1 Project Description

The project is a request for a Conditional Use Permit (CUP) to develop Phase 2A of the Woodlands Specific Plan. Phase 2A is 159.9 acres in area and would be developed with 242 single family dwelling units over 63.8 acres, a nine-hole golf course would occupy an additional 76 acres, and the remaining 20.1 acres consists of a perimeter buffer, trails, pocket parks and common landscape areas. The preliminary grading plan shows 1,294,498 cubic yards of cut soil and 725,760 cubic yards of fill. 568,738 cubic yards of soil would be exported to the Phase 2B area within Woodlands Village. Drainage would be retained on-site utilizing seven basins, and a series conventional storm drains and vegetative swales. Other low impact development features include alternative trail materials and pervious pavers. At the time this application was submitted, active tree removal was on-going within Phase 2A under the provisions of approved Minor Use Permit DRC2009-00014, as allowed by the Specific Plan. DRC2009-00014 authorized the removal of approximately 200 acres of eucalyptus within the areas of Phases 2A and 2B. In order to meet current stormwater requirements, an additional 12.5 acres of eucalyptus trees are proposed for removal with this CUP. Eucalyptus trees are required to remain within the 100-foot wide perimeter buffer. The proposed Phase 2A development is consistent with the provisions of the Woodlands Specific Plan.

1.2 Environmental Document

This Addendum, the previously certified 1998 Woodlands Specific Plan Final Environmental Impact Report (FEIR), and the previously certified 2001 Woodlands Specific Plan Final Supplemental Environmental Impact Report (FSEIR) together make up the environmental documentation for the proposed project. The FEIR and SEIR can be found on the San Luis Obispo County Department of Planning and Building website, under “Environmental Impact Reports,” see “Phase 2A of the Woodlands Specific Plan” at <http://www.slocounty.ca.gov/planning.htm> or copies may be viewed at Department offices at 976 Osos Street, Room 200, San Luis Obispo.

1.3 Background

1.3.1 Woodlands Specific Plan

On December 15, 1998, the County Board of Supervisors certified the FEIR for the adoption of the Woodlands Specific Plan. The Specific Plan and EIR are intended to provide the framework for an orderly development of the Woodlands property consistent with the County of San Luis Obispo General Plan. The Woodlands is a 957-acre, mixed-use project located on the Nipomo Mesa approximately two miles west of the community of Nipomo, on the east side of Highway One, and approximately ½ mile south of Willow Road. The Specific Plan includes a residential component of 1,320 units (1,220 single-family units and 100 multi-family units), a commercial component of up to 140,000 square feet of floor area in the Village Center (approximately 10 acres in area), a business park component (approximately 19 acres in area) for up to 335,000 square feet of floor area, an 18-acre resort site for up to 500 rooms, three golf courses, a 10-acre park site, an 11-acre butterfly preserve, and a variety trails, buffers, play areas, and common areas. Development is to occur in four major phases: 1A, 1B, 2A, and 2B.

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1.3.2 Land Use Entitlements

On December 17, 2002, the Board of Supervisors approved the master Development Plan (S990187U) and Vesting Tentative Map 2341, which covered the entire 957 acres. S990187U requires a Development Plan (Conditional Use Permit) for each major phase. On December 17, 2002 the Board of Supervisors also approved D990195D for the development of Phase 1A, D950194D for the development of the Phase 1A 18-hole golf course, and pursuant to Government Code Section 66473.7, made determination and verification that a sufficient water supply is available for Tract 2341. The CUP for the development of Phase 1B (368 single-family residences and a golf course) was approved on January 2, 2007.

On January 8, 2002 the Board of Supervisors certified the 2001 FSEIR for an amendment to the Growth Management Ordinance (GMO), Title 26 of the County Code. The amendment added provision to the GMO to allow allocations for residential building permits to be received at a rate to allow Woodlands Village to be built out in a ten to fifteen year period. The SEIR focused on groundwater supply only.

1.3.3 Development Summary

Residential single family development within Phase 1A commenced in 2005. Thirty-six multi-family units were constructed within Phase 1A between 2009 and 2012. The Phase 1A golf course was completed in 2006, and the Trilogy Center was completed in 2008. Currently, residential development in Phases 1A and 1B is over 88 percent completed. A 9,600 square foot office building was built in the business park in 2010.

1.4 EIR Addendum

Per Section 15164 of the CEQA Guidelines, an addendum to a previously-certified EIR shall be prepared if some changes or additions are necessary but none of the conditions described in Section 15162 calling for preparation of a subsequent EIR have occurred.

Section 15164 also states:

- An addendum need not be circulated for public review but can be included in or attached to the final EIR.
- The decision making body shall consider the addendum with the final EIR (and final SEIR) prior to making a decision on the project.
- A brief explanation of the decision not to prepare a subsequent EIR pursuant to Section 15162 (see Section 3.0) should be included in the addendum to an EIR, the lead agency's findings on the project, or elsewhere in the record.

The number of residential units, their proposed location, and the golf course are consistent with the project description found in the EIR and SEIR. The project description for Phase 2A, as proposed with this CUP, has changed in terms of the amount of grading, the amount of associated tree removal, the inclusion of a supplemental water source, and a model home complex.

2.0 ENVIRONMENTAL ANALYSIS

The following analysis will look at the proposed project as compared with the previously certified EIR or certified SEIR, and as necessary, explain how the proposed change does not result in any substantial changes that would call for the preparation of a subsequent EIR.

2.1 Water Resources

This addendum discusses water supply and demand only. Please refer to the 1998 EIR and the 2001 SEIR for a detailed discussion on water and wastewater resource issues. At the time in 1998 and 2001, groundwater from the Nipomo Mesa subarea of the Santa Maria Groundwater Basin was the sole source of water for Woodlands Village. As a result of the 2005 stipulation in the Santa Maria Groundwater litigation, Woodlands Mutual Water Company (WMWC) agreed to participate in the Nipomo Supplemental Water Project (NSWP) that will deliver water from the City of Santa Maria to the Nipomo Community Services District (NCSD). There are three sources for the supplemental water: the State Water Project, Twitchell Reservoir, and groundwater from the Santa Maria side of the groundwater basin. According to the Nipomo Supplemental Water Project Supplemental Water Management and Groundwater Replenishment Agreement (Agreement), the underlying premise for the supplemental water is to offset 2,500 acre feet per year (AFY) of groundwater pumping where groundwater levels are most depressed in the Nipomo Mesa Management Area (NMMA) of the Santa Maria Groundwater Basin (where both NCSD and WMWC pump groundwater).

The Stipulation makes provisions for future urban uses as part of the 2,500 AFY offset. Each year, in accordance with the Stipulation and Judgement, an Annual Report for the NMMA prepared by the NMMA Technical Group is submitted to the court. According to the annual report, the goal of each management area is to promote monitoring and management practices so that present and future water demands are satisfied without causing long-term damage to the underlying groundwater resource. The Technical Group, as part of the on-going monitoring, considers the “Key Wells Index” when making its recommendations. The Key Wells Index combines groundwater level data from eight selected wells distributed throughout the inland portion of the management area. The Key Wells Index for 2015 shows that groundwater levels have changed in the NMMA over time, and are now at an overall level that is lower than at any other time from 1975 to the present. Please refer to the attached chart for the Key Wells Index (Figure 4). As can be seen in the chart, the 2015 Key Wells Index status has gone from “Potentially Severe Criterion” to “Severe Criterion”. This change in status will require the Technical Group to include a response plan to address the change in status in its upcoming annual report (April 2016). This situation further illustrates the importance of supplemental water. In the most recent annual report (April 2015), the Technical Group in its recommendations makes the following statement about supplemental water:

“Additional water supplies that would allow for reduced pumping within the NMMA are the most effective method of reducing the stress on the aquifers and allow for groundwater elevations to recover, and provide means for long-term basin management. The NSWP is the fastest and most viable alternative water supply in the next several years. Given the Potentially Severe Water Shortage Conditions within the NMMA and other risk factors discussed in this Report, the TG recommends that this project be fully implemented as soon as possible.”

The report also states:

“The Stipulation (V.I.E.5.) states all new urban uses shall provide a source of supplemental water to offset the water demand associated with the development. Currently [April 2015], the only source of supplemental water dedicated to new urban uses is the 500 AF of capacity NCSD added to the NSWP. Woodlands level of participation in the NSWP is considered to be their projected buildout demand. It is expected that new urban demand will be met by delivery of supplemental water from the NSWP, and possibly better utilization of recycled water or other sources.”

As of July 1, 2015, the City of Santa Maria is delivering 645 AFY of supplemental water to NCSD. WMWC’s share of the 645 AFY is 107 AFY. The amount of water to be delivered should increase over

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time as NCSD makes the necessary improvements to its delivery system. WMWC's share of the supplemental water will increase from 107 AFY to 133 AFY on July 1, 2016, 167 AFY on July 1, 2020, and 417 AFY on July 1, 2025. Please refer to the attached letter from NCSD to WMWC, dated July 15, 2015 that outlines the delivery schedule. In addition to the supplemental water, it is anticipated that Phase 2A development will generate about 24.2 AFY of recycled water that will be used for irrigation. The expected water demand for Phase 2A at buildout is 156.8 AFY.

Based on the figures in the 1998 FEIR¹, Phase 2A development would have an expected water demand of 281.6 AFY. This figure represents the reasonable worst-case scenario. Since that time, with requirements for more efficient water fixtures, conservation measures, and lower-water using landscape materials, the water demand rates have gone down. Based on the records of the Woodlands Mutual Water Company, as provided by the applicant, the proposed 2A land uses would have a demand of 156.8 AFY at buildout. These estimates do not include any estimates for return flow, which would lower the demand estimates.

Land Use	Water Demand
242 residences	48.4 AFY
9-hole golf course	104.3 AFY
Parks and open space	4.1 AFY
Total	156.8 AFY

Based on the July 1, 2016 supplemental water delivery of 133 AFY plus the 24.2 AFY of recycled water, the water supply of 157.2 AFY would exceed the Phase 2A full buildout demand of 156.8 AFY. Therefore, the Phase 2A development will be off-set by supplemental water and the use of recycled water. It should be noted, in order to for NCSD to supply the 2016 amount, the district must construct an additional water storage tank. According to NCSD, the tank project is funded and they are in the process of obtaining bids for construction. It is anticipated the project will be completed this calendar year (2016). Because the supplemental water delivery and the generation of wastewater will occur incrementally or possibly be delayed, it is important that development not outpace the water deliveries.

As stated in the July 15, 2015 letter from NCSD to WMWC, the water volume may be delivered to the WMWC system or extractions from nearby NCSD wells (please refer to the attached map) will be reduced by the same amount to achieve the same goal. The NCSD letter states that physical improvements to their existing emergency intertie with the WMWC system are required for delivery of the supplemental water to the WMWC system. Moreover, delivery of supplemental water from NCSD to WMWC would likely require approval from the Local Agency Formation Commission and the Woodlands Specific Plan requires that the WMWC be the sole water supply for all parcels and development. It is specifically limited to storing, treating and delivering the water of individual overlying parcel owner. Therefore, Phase 2A development be off-set by NCSD reducing pumping from one of their nearby wells rather than WMWC accepting the water delivery from NCSD into their system.

The provision of supplemental water and the use of recycled water will adequately meet the anticipated water demand of 156.8 AFY (July 2016) or the reasonable worst-case of 281.6 AFY (July 2025) based on the 1998 FEIR. Therefore, the Phase 2A development will be off-set by supplemental water and the use of recycled water.

This new information does not alter the assessments or conclusions of the 1998 FEIR or 2001 FSEIR. Please refer to the 1998 FEIR to see the required mitigation measures. The 2001 FSEIR did not add or alter the mitigation measure from the 1998 FEIR.

¹ Refer to Table 4.1-4 of the 1998 Final EIR (water demand minus return flows).

2.2 Traffic and Circulation

The primary street network that provides access to Woodlands Village includes: Tefft Street in Nipomo from US 101 to Mesa Road, Mesa Road from Tefft Street to the village, Camino Caballo from Pomeroy Road in Nipomo to Maggie Lane, Willow Road from US 101 to Via Concha and Albert Way, Albert Way and Via Concha from Willow Road to the village, and, Highway 1 (north and south between the cities of Guadalupe and Arroyo Grande). Please see Graphics - Figure 3. The following roads have been improved as a result of the Phase 1A and 1B development:

- Albert Way from the village to Willow Road
- Via Concha from the village to Willow Road
- A portion of Dawn Road fronting the property
- The unpaved portions of Mesa Road from the village to Tefft Street
- Camino Caballo from Maggie Lane to Viva Way
- In addition to the road improvement requirements, the applicant has provided their fair share to construct area roads by paying the applicable South County Road Improvement fee, which included fees for the Willow Road extension and interchange with US 101.

Eucalyptus Road will be improved with Phase 2A, which will connect from the village to the existing paved Eucalyptus Road just east of the tract boundary. Viva Way will be improved between Eucalyptus Road and Mesa Road.

Key intersections in the street network include: Highway One and Via Concha, Willow Road and Highway One, Willow Road and Pomeroy Road, and Mesa Road and Tefft Street. The FEIR discusses the signalization of the intersections of Willow Road/Pomeroy Road and Tefft Street/Mesa Road. The applicant would provide their fair share if signal warrants are met at these intersections.

On-site circulation will include completion of Eucalyptus Road, Street “Q” that will connect Eucalyptus Road to Mesa Road, and Via Vista that will eventually connect between Kingston Place and Mesa Road. The model home complex will be located on Via Vista and will include a Cal Fire approved all weather surface (for emergency access). At the time the model home complex is terminated, Via Vista would be paved and operate as a through street.

Other modes of transportation discussed in the FEIR include bicycles, multi-use trails, and equestrian trails. A park-and-ride lot is available in the Village Center and transit will be accommodated when it is available to the village.

The project as proposed does not alter the assessments or conclusions of the 1998 FEIR or 2001 FSEIR.

2.3 Air Quality

The FEIR analysis included discussions on air pollutant emissions, both short-term (construction) and long-term (operational), emissions from project-generated traffic, dust, and odor. The mitigation measures that were developed were consistent with the regulations that were in effect at the time (1998). Since 1998, the Air Pollution Control District (APCD) has updated some of their rules that apply to this project. In 2012, the APCD adopted the CEQA Air Quality Handbook, which includes updated emission thresholds for ozone precursors (ROG+NOx)², greenhouse gases (GHG), health risk assessment thresholds, and updated mitigation measures. Other rules that went into effect or were revised, include Rule 1001 – Coastal Dunes Dust Control Requirements (*adopted 2011*) for the mitigation of blowing dust, and Rule 401 – Visible Emissions (*revised 2006*) that limits the opacity of the air.

² Reactive organic gases (ROG) + oxides of nitrogen (NOx)

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Although there have been changes to the rules and regulations for air quality issues, the changes do not alter the conclusions of the 1998 FEIR because the applicant must mitigate air quality impacts by complying with current regulations.

2.4 Biological Resources

The proposed project site plan and land uses are consistent with the 1998 FEIR. The applicant is requesting authorization for the removal of an additional 12.5 acres of eucalyptus tree, none of which are near the eucalyptus trees that make up the monarch butterfly preserve. The additional tree removal does not alter the assessments or conclusions of the 1998 FEIR.

2.5 Drainage, Erosion and Sedimentation

The applicant is proposing to grade a greater volume of soil than as described in the FEIR. However, due to the site's location on the Nipomo Mesa and the sandy nature of the soil, the applicant will still be able to retain all stormwater on-site as envisioned with the Specific Plan and be consistent with current drainage, erosion and sedimentation regulations. The additional grading does not alter the assessments or conclusions of the 1998 FEIR.

2.6 Other Issue Areas

Noise, Aesthetics, Public Services and Utilities, Cultural Resources, Agricultural Resources, Hazardous Materials, and were all analyzed in the 1998 FEIR. The proposed project as it applies to these issues is consistent with the 1998 FEIR.

3.0 CONCLUSION

Based on the above discussion, an EIR addendum was prepared for this proposed project and the preparation of a Subsequent EIR was not required, as described in CEQA Guidelines Section 15162. Although there are proposed changes to the project, including the amount of grading, the amount of associated tree removal, the inclusion of supplemental water that is being brought into the Nipomo Mesa Management Area, and a model home complex, and there have been changes in the regulatory setting for water resources, air quality, and drainage, none of those changes would require major revisions to the FEIR or FSEIR or would alter the conclusions found in those documents.

CEQA Guidelines Section 15162 - Subsequent EIRs and Negative Declarations

(a) When an EIR has been certified or a negative declaration adopted for a project, no subsequent EIR shall be prepared for that project unless the lead agency determines, on the basis of substantial evidence in the light of the whole record, one or more of the following:

- (1) Substantial changes are proposed in the project which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

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(2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR or Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or

(3) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete or the Negative Declaration was adopted, shows any of the following:

(A) The project will have one or more significant effects not discussed in the previous EIR or negative declaration;

(B) Significant effects previously examined will be substantially more severe than shown in the previous EIR;

(C) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or

(D) Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

NIPOMO COMMUNITY

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148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

July 15, 2015

Mr. Rob Miller
General Manager
Woodlands MWC
612 Clarion Court
San Luis Obispo CA, 93401

Dear Mr. Miller:

SUBJECT: SUPPLEMENTAL WATER FOR WOODLANDS MUTUAL WATER COMPANY

The purpose of this letter is to confirm deliveries of Nipomo Supplemental Water were initiated on July 2, 2015 and to outline the anticipated volume and timing of supplemental water allocated for the Woodlands Mutual Water Company (WMWCo).

The attached table shows the minimum deliveries anticipated in accordance with the District's Wholesale Water Agreement with the City of Santa Maria. The water volume allocated to WMWCo will either be delivered to its water distribution system following improvements to our existing WMWCo intetie, or extractions from NCSD wells in the vicinity of WMWCo will be reduced by the same amount. Such reductions will be clearly documented by NCSD.

Please let me know if you have any questions, or if you need more information.

Sincerely,

NIPOMO COMMUNITY SERVICES DISTRICT

A handwritten signature in blue ink that reads 'Michael S. LeBrun'.

Michael S. LeBrun
General Manager

Enclosure(s): NSWP Delivery Schedule

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Woodlands Mutual Water Company - Minimum Supplemental Water Deliveries			
DELIVERY YEAR	DATE	MINIMUM DELIVERY VOLUME (AFY)	WOODLANDS MUTUAL WATER COMPANY'S PROPORTIONAL SHARE 16.66% (AFY)
1	July 1, 2015 to June 30, 2016	645	107
2	July 1, 2016 to June 30, 2017	800	133
3	July 1, 2017 to June 30, 2018	800	133
4	July 1, 2018 to June 30, 2019	800	133
5	July 1, 2019 to June 30, 2020	800	133
6	July 1, 2020 to June 30, 2021	1,000	167
7	July 1, 2021 to June 30, 2022	1,000	167
8	July 1, 2022 to June 30, 2023	1,000	167
9	July 1, 2023 to June 30, 2024	1,000	167
10	July 1, 2024 to June 30, 2025	1,000	167
11	July 1, 2025 to June 30, 2026	2,500	417
TERM	June 30, 2085	2,500	417

GRAPHICS

Figure 1 - Woodlands Village, Phase 2A

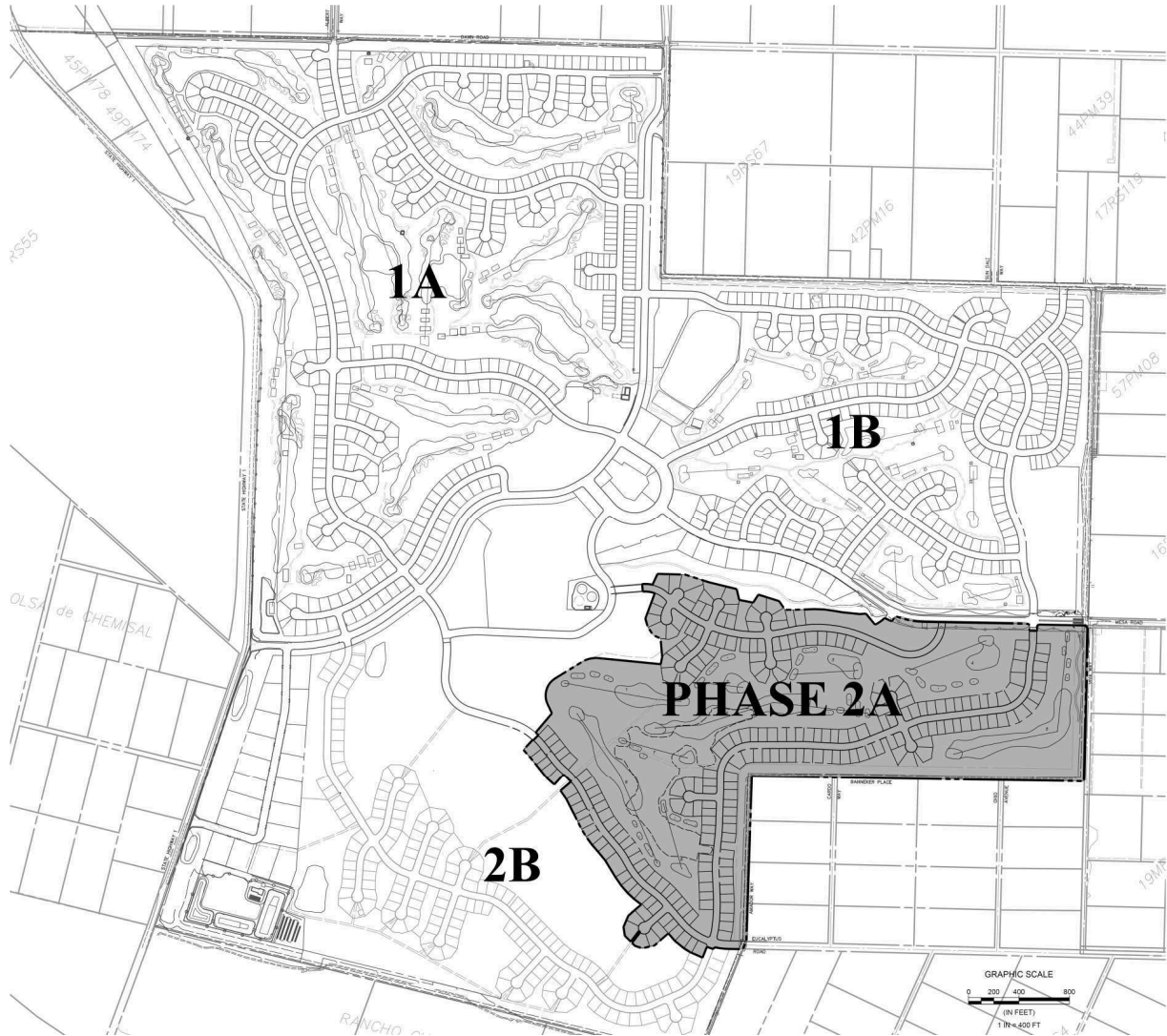


Figure 2 - Phase 2A Site Map

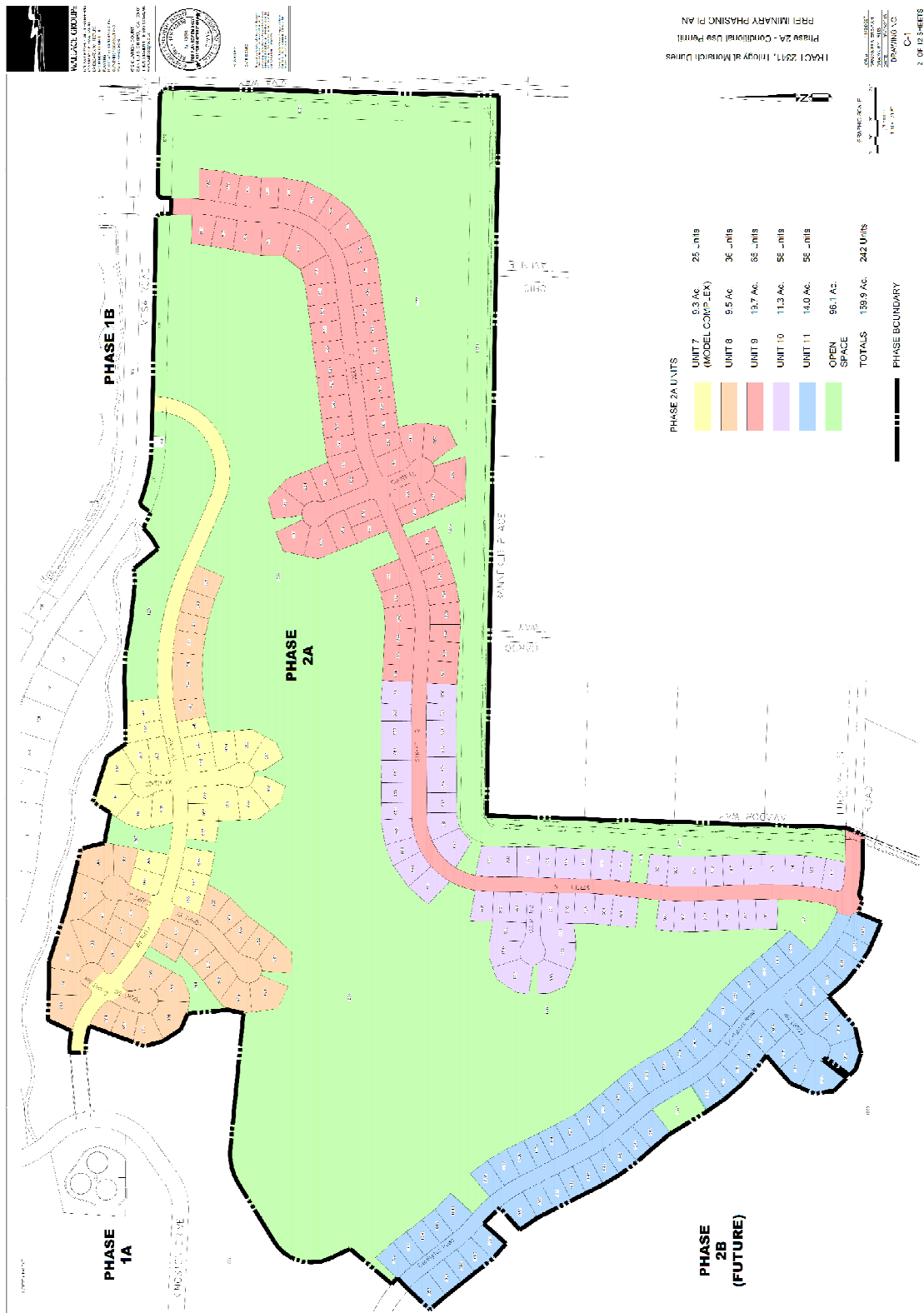


Figure 3 – Primary Street Network to Woodlands Village

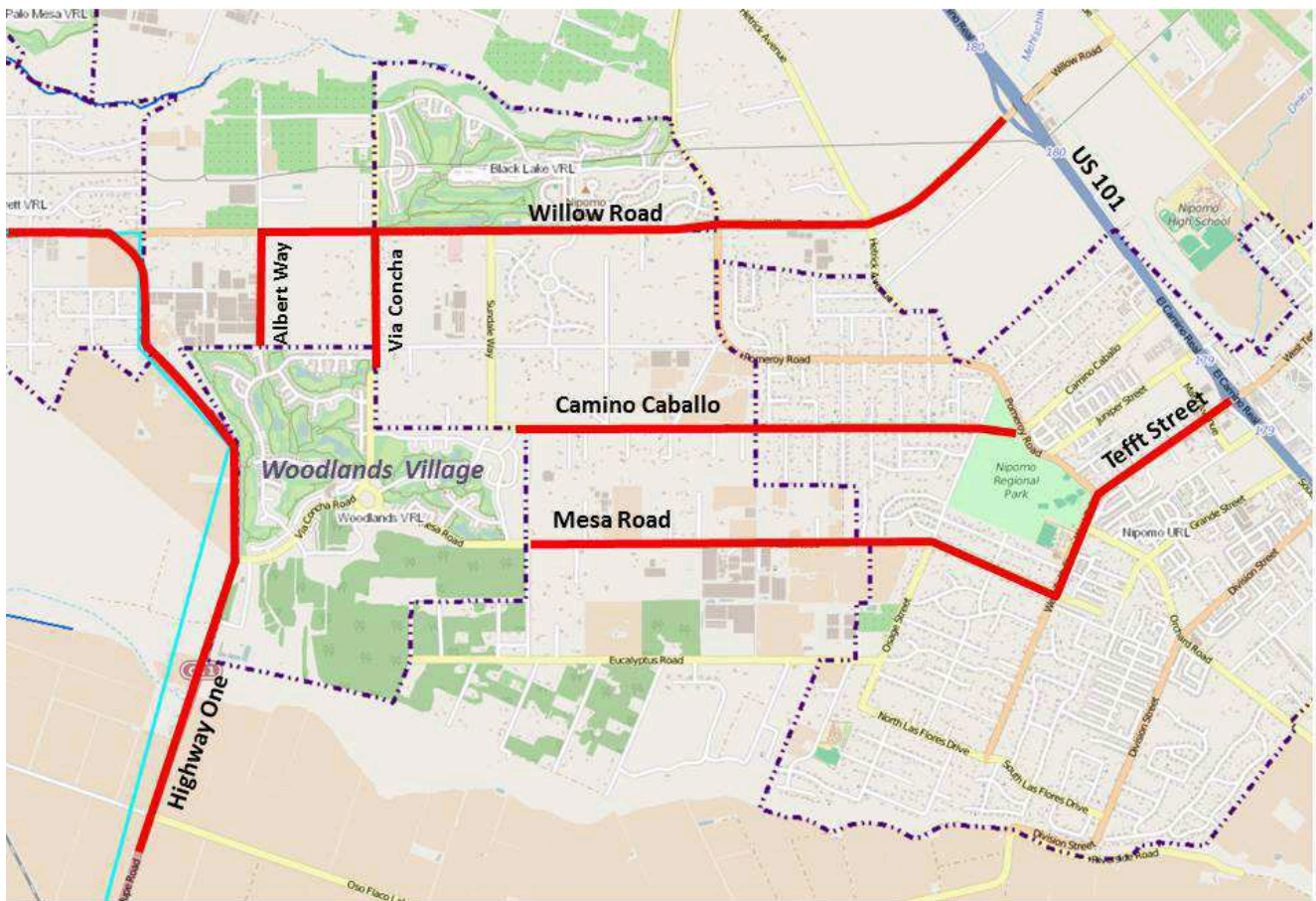


Figure 4 – Key Wells Index

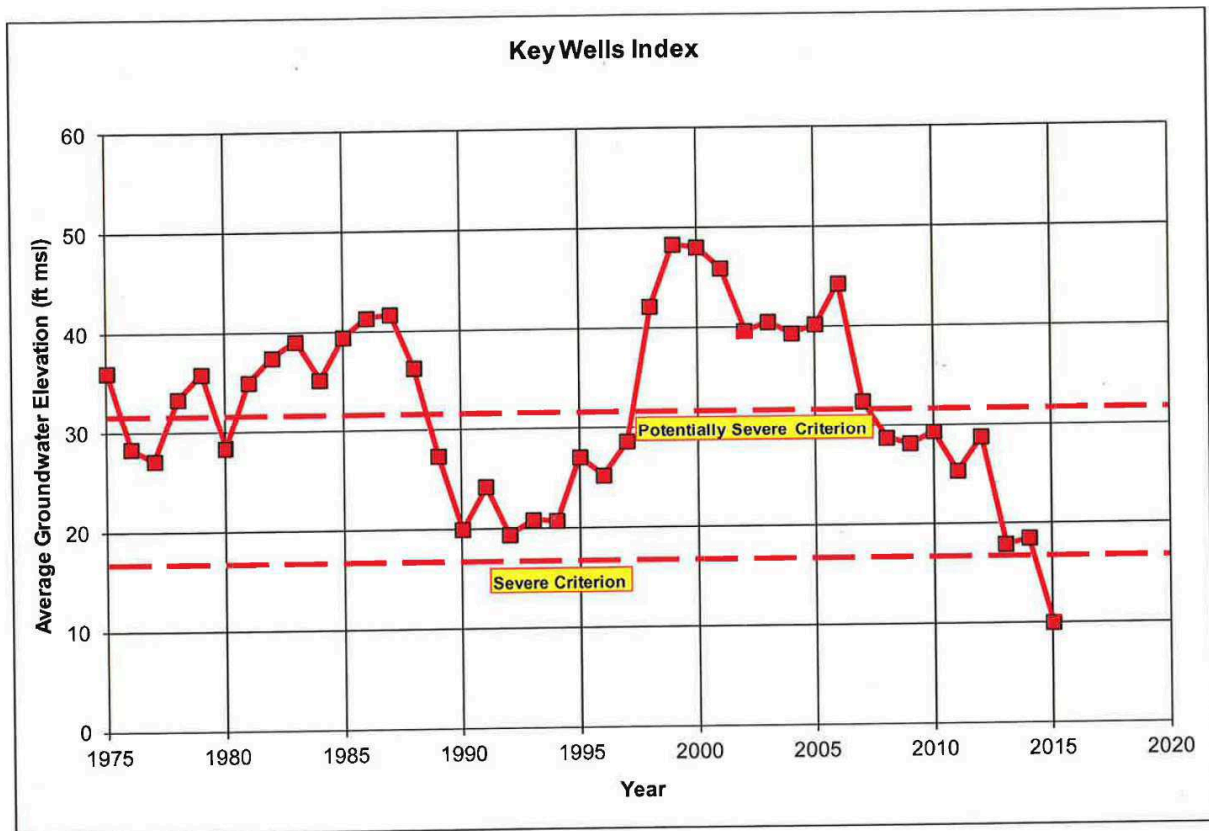


Figure 5 – NCSD Well Locations

